

Debt Management

DEBT MANAGEMENT

The Financial Management Department, Treasury Bureau, is responsible for issuing debt on behalf of City departments, City agencies, assessment districts, community facilities districts and other qualified entities. Typical debt structures include revenue bonds, lease revenue bonds, land-based financings and notes. Debt may be issued with fixed or variable rate interest structures. Approximately \$1.9 billion in debt was outstanding as of September 30, 2017. Of this amount, \$592 million of this debt is related to the Gas Prepay, which is guaranteed by Bank of America Merrill Lynch, Inc., even though the bonds were issued by the Long Beach Bond Finance Authority (LBBFA).

Central to debt management is ensuring the City's compliance with Federal, State and local regulations. Other duties of this function include bond payments, maintenance of credit ratings, facilitating project fund draws, meeting the reporting requirements of the Municipal Securities Rulemaking Board and Internal Revenue Service, and determining annual assessment levies.

SUMMARY OF THE CITY AND RELATED AGENCIES OUTSTANDING DEBT

The tables below summarize the City's outstanding debt as of September 30, 2017, including final maturities, original par amounts and amounts outstanding, unless noted. The tables below exclude premiums/discounts, Tax Allocation Bonds refunded by the County of Los Angeles, Civic Center lease loans, harbor notes, as well as, district debt.

REVENUE BONDS			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
City of Long Beach, Tidelands Revenue Bonds, Series 2017A & B ⁽¹⁾	2027	\$27,895,000	\$27,895,000
City of Long Beach, Harbor Revenue Bonds, Series 2017A (AMT), B (AMT) Green Bonds, C (Non-AMT) ⁽²⁾	2047	\$170,255,000	\$170,255,000
City of Long Beach, Senior Sewer Revenue Refunding Bonds, Series 2016A ⁽³⁾	2036	\$9,830,000	\$9,370,000
City of Long Beach, Marina Revenue Bonds, Series 2015 (Alamitos Marina Project) ⁽⁴⁾	2045	\$114,015,000	\$114,015,000
City of Long Beach, Harbor Revenue Refunding Bonds, Series 2015A (AMT) & B (Non-AMT) ⁽⁵⁾	2025	\$64,975,000	\$63,560,000
City of Long Beach, Harbor Revenue Refunding Bonds, Series 2015C (Non-AMT) & D (AMT)	2042	\$132,950,000	\$132,950,000
City of Long Beach, Harbor Revenue Refunding Bonds, Series 2014A (AMT) & B (Non-AMT) ⁽⁶⁾	2027	\$59,035,000	\$17,180,000
LBBFA, Revenue Refunding Bonds, Series 2012 (Aquarium of the Pacific Project) ⁽⁷⁾	2030	\$102,580,000	\$81,585,000
City of Long Beach, Second Lien Water Revenue Bonds, Series 2012A ⁽⁸⁾	2027	\$98,580,000	\$7,265,000
City of Long Beach, Harbor Revenue Bonds, Series 2010A & B (Refunding) ⁽⁹⁾	2027	\$358,920,000	\$251,775,000
City of Long Beach, Water Revenue Refunding Bonds, Series 2010A ⁽¹⁰⁾	2024	\$22,740,000	\$17,645,000

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REVENUE BONDS (cont'd)			
City of Long Beach, Senior Airport Revenue Bonds, Series 2010A & B ⁽¹¹⁾	2040	\$61,400,000	\$55,100,000
City of Long Beach, Senior Airport Revenue Bonds, Series 2009A, B & C ⁽¹²⁾	2039	\$61,440,000	\$52,490,000
LBBFA, Natural Gas Purchase Revenue Bonds, Series 2007A & B ⁽¹³⁾	2033	\$887,360,000	\$591,665,000
City of Long Beach, Harbor Revenue Bonds, Series 1998A	2019	\$206,330,000	\$32,260,000

⁽¹⁾ Tidelands Bonds, Series 2017A&B issued in November 2017. Amount outstanding at issuance.

⁽²⁾ Harbor Series 2017A, B & C issued in June 2017.

⁽³⁾ Refunded the Long Beach Water Department's Sewer Commercial Paper

⁽⁴⁾ Prepaid CA Boating and Waterway (DBW/DBAW) loans totaling \$61.4 million

⁽⁵⁾ Refunded the Harbor Revenue Refunding Bonds, Series 2005A (AMT) & B (Non-AMT)

⁽⁶⁾ Refunded Harbor Revenue Bonds, Series 2002B, and Revenue Refunding Bonds, Series 2004A & B

⁽⁷⁾ Refunded LBBFA Lease Revenue Refunding Bonds, Series 2001 (Aquarium of the Pacific)

⁽⁸⁾ Refunded the Long Beach Water Department's Subordinate Commercial Paper, Series A

⁽⁹⁾ Partially refunded the Harbor Revenue Bonds, Series 2004A and 2005A

⁽¹⁰⁾ Refunded the Water Revenue Refunding Bonds, Series 1997A

⁽¹¹⁾ Refunded the Long Beach Airport's Commercial Paper

⁽¹²⁾ Build America Bonds (BABs) include a Federal Direct subsidy equal to 35% of the interest payments

⁽¹³⁾ Redeemed by 2009 bond tenders; 2007A \$48.3 million and 2007B \$182.7 million

Source: City of Long Beach - Comprehensive Annual Financial Report - FY 2017 Unaudited

LEASE REVENUE BONDS			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
FALB, Finance Authority of Long Beach, Lease Revenue Bonds, Series 2016A (Courthouse Demolition Project)	2026	\$13,150,000	\$12,080,000
LBBFA, Lease Revenue Refunding Bonds, Series 2012A & B (Taxable) ⁽²⁾	2031	\$69,750,000	\$56,115,000
LBBFA, Lease Revenue Bonds, Series 2006B (Parks/Open Space Financing Project) ⁽³⁾	2031	\$24,320,000	\$24,320,000
FALB, Finance Authority of Long Beach, Lease Revenue Bonds, Series 2016B (Rainbow Harbor Refinancing Project) ⁽¹⁾	2023	\$19,115,000	\$16,255,000
Southeast Resource Recovery Facility Authority Lease Revenue Bonds, Series 2003A (Non-AMT) & B (AMT) ⁽⁴⁾	2018	\$120,235,000	\$21,215,000

⁽¹⁾ Refunded the Lease Revenue Refunding Bonds, Series 2006 (Rainbow Harbor Refinancing)

⁽²⁾ Refunded the Lease Revenue Refunding Bonds, Series 1998A & B (Temple Willow), Lease Revenue Refunding Bonds, Series 2001 (Plaza Parking Facilities), Lease Revenue Bonds, Series 2002 (Public Safety Facilities), Lease Revenue Refunding Bonds, Series 2005A (Temple Willow), Lease Revenue Refunding Bonds, Series 2003 (Skylinks Golf Course Project), and the Taxable Variable Rate Demand Revenue Bonds, Series 2004A (Long Beach Towne Center)

⁽³⁾ Lease Revenue Bonds Series 2006B partially called \$6.65 million in principal on July 2018

⁽⁴⁾ Refunded the SERRF, Lease Revenue Bonds, Series 2003 A & B

Source: City of Long Beach - Comprehensive Annual Financial Report - FY 2017 Unaudited

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TAX ALLOCATION REVENUE BONDS			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Redevelopment Agency of the City of Long Beach, Recovery Zone Economic Development Bonds, Series 2010A & B, Taxable (North Long Beach) ⁽¹⁾	2040	\$32,980,000	\$28,560,000
LBBFA, Tax Allocation Revenue Bonds, Series 2005C (Downtown and North Long Beach Redevelopment Project Areas) ⁽²⁾	2031	\$35,045,000	\$26,355,000
LBBFA, Tax Allocation Revenue Bonds, Series 2002B ⁽³⁾	2024	\$47,780,000	\$34,670,000
LBBFA, Tax Allocation Revenue Bonds, Series 1992 (West Long Beach Industrial and Downtown Project) ⁽⁴⁾	2017	\$117,490,000	\$7,947,000

⁽¹⁾ 2010A Build America Bonds (BABs) include a Federal Direct subsidy equal to 35% of the interest payments. The 2010B (RZEDB) include a Federal Direct subsidy equal to 45% of the interest payments.

⁽²⁾ The 2005C Tax Allocation Revenue Bonds partially refunded the 2002 Tax Allocation Revenue Bonds. The 2005C Bonds were partially refunded by the County of Los Angeles Redevelopment Refunding Authority, Tax Allocation Revenue Refunding Bonds, Series 2015A & B.

⁽³⁾ The 2002A Tax Allocation Revenue Bonds partially refunded the 1992 Tax Allocation Revenue Bonds (West Long Beach and Downtown Project). The 2002B Bonds were partially refunded by the County of Los Angeles Redevelopment Refunding Authority, Tax Allocation Revenue Refunding Bonds, Series 2015A & B.

⁽⁴⁾ The 2002B Tax Allocation Revenue Bonds partially refunded the 1992 Tax Allocation Revenue Bonds (West Long Beach and Downtown Project). The 2002B Bonds were partially refunded by the County of Los Angeles Redevelopment Refunding Authority, Tax Allocation Revenue Refunding Bonds, Series 2015A & B. The 1992 Tax Allocation Revenue Bonds (West Long Beach and Downtown Project) matured in November 2017.

Source: City of Long Beach - Comprehensive Annual Financial Report - FY 2017 Unaudited

PENSION OBLIGATION BONDS			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Series 2002A&B Pension Obligation Refunding Bonds, Taxable ⁽¹⁾	2021	\$76,550,000	\$25,130,000

⁽¹⁾ Partially refunded the Series 1995 Pension Obligation Refunding Bonds. The 2002A & B Bonds were remarketed on December 30, 2005 to a fixed rate from auction rate.

Source: City of Long Beach - Comprehensive Annual Financial Report - FY 2017 Unaudited

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Legal Debt Margin Information

Last Ten Fiscal Years

(In Thousands)

	Fiscal Year				
	2008	2009	2010	2011	2012
Assessed valuation	\$ 43,345,421	\$ 46,621,743	\$ 45,466,275	\$ 44,589,625	\$ 45,421,772
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	10,836,355	11,655,436	11,366,569	11,147,406	11,355,443
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,625,453	1,748,315	1,704,985	1,672,111	1,703,316
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 1,625,453</u>	<u>\$ 1,748,315</u>	<u>\$ 1,704,985</u>	<u>\$ 1,672,111</u>	<u>\$ 1,703,316</u>
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

	Fiscal Year				
	2013	2014	2015	2016	2017
Assessed valuation	\$ 47,952,110	\$ 50,498,496	\$ 51,678,154	\$ 52,898,656	\$ 55,662,248
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	11,988,028	12,624,624	12,919,539	13,224,664	13,915,562
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,798,204	1,893,694	1,937,931	1,983,700	2,087,334
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 1,798,204</u>	<u>\$ 1,893,694</u>	<u>\$ 1,937,931</u>	<u>\$ 1,983,700</u>	<u>\$ 2,087,334</u>
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

The Government Code of the State of California provides for a legal debt limit of 15 percent of gross assessed valuation. This provision was enacted when assessed valuation was based on 25 percent of market value. Effective with fiscal year 1982, each parcel is assessed at 100 percent of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25 percent level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City of Long Beach, Department of Financial Management
County of Los Angeles, Department of Auditor-Controller